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I. Introduction and Witness Qualifications

1 **Q. Would you please state your name and business address?**

2 A. My name is Kristina Luke Fry. My business address is 1500 Southwest Arrowhead
3 Road, Topeka, Kansas, 66604.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by the Kansas Corporation Commission (Commission) as a Managing
6 Auditor.

7 **Q. Please describe your educational background and professional experience?**

8 A. In December of 2014, I earned a Master of Business Administrative degree from
9 Washburn University. I also hold a Bachelor's of Science in Business Administrative
10 with a major in Accounting from Kansas State University. I began employment with the
11 Commission as a Regulatory Auditor in September 2010 and became a Senior Auditor in
12 July 2013. I assumed my current position in August 2015.

13 **Q. Have you previously submitted testimony before this Commission?**

14 A. Yes. I have submitted written testimony before this Commission on multiple occasions
15 regarding various regulatory accounting and ratemaking issues. This work includes
16 testimony filings in 21 dockets, including this one. A list of the other dockets that
17 encompass this experience is available upon request.

18 **II. Executive Summary**

19 **Q. What are your responsibilities in the review of the Blue Valley Tele-**
20 **Communications (Blue Valley) in Docket No. 20-BLVT-218-KSF (20-218 Docket),**
21 **filed on November 8, 2019?**

22 A. My responsibilities in this case are to analyze, audit, and review Blue Valley's Application

1 requesting an increase in its cost-based Kansas Universal Service Fund (KUSF) support. I
2 reviewed the Company's filing, requested and analyzed additional information, and
3 participated in an on-site review at the Company's headquarters in Home, Kansas, to
4 inspect records, tour the Company's facilities, and to confer with Blue Valley's
5 management and consultant. In addition, I calculated and am sponsoring selected Staff
6 adjustments to Blue Valley's pro forma rate base and income statement. My duties are
7 carried out under the direction of the Chief of Accounting and Financial Analysis, Justin
8 Grady.

9 **Q. What is the purpose of your testimony?**

10 A. In summary, I recommend that the Commission:

- 11 • Update plant in service, accumulated depreciation and depreciation expense to
12 reflect balances as of December 31, 2019;
- 13 • Normalize materials and supplies;
- 14 • Remove the amount of telephone plant under construction included in the
15 Application;
- 16 • Update cash working capital (CWC) to reflect the impact of Staff's adjustments;
- 17 • Remove a portion of the Board of Directors compensation and disallow various
18 Board Member expenditures and costs; and
- 19 • Remove travel and training expenditures related to non-regulated operations,
20 entertainment, etc.

VII. Adjustments to Rate Base**A. Plant In Service**

Q. Please start your discussion of the adjustments by discussing Staff Adjustment No. 3 to rate base.

A. Staff Adjustment No. 3 (RB-3) reduces Blue Valley's rate base by \$20,165 on a total company basis, or a decrease of \$15,943 on an intrastate basis.¹ Staff's adjustment updates Blue Valley's pro forma plant balances included in the Application through December 31, 2019. Staff recommends the Commission adopt its adjustment because it relies on actual, known and measurable plant in service balances. Staff's update to plant in service includes actual additions and retirements to plant while Blue Valley's pro forma adjustment only includes estimates. Updating plant allows Blue Valley a reasonable opportunity to earn a fair return on, and a return of, plant that is in service and being utilized for the provision of regulated telecommunications services. The end result is a cost of service which most closely resembles Blue Valley's ongoing cost of providing telecommunication services.

B. Accumulated Depreciation

Q. Please continue by discussing Staff Adjustment No. 4 to rate base.

A. Staff Adjustment No. 4 (RB-4) decreases rate base by \$3,067,383 on a total company basis, or \$2,009,216 on an intrastate basis.² Staff's adjustment updates Blue Valley's accumulated depreciation balances through December 31, 2019. Staff recommends the Commission adopt its adjustment because it relies on actual, known and measurable accumulated depreciation balances. This adjustment corresponds with Staff's adjustment

¹ See Exhibit KALF-1.

² See Staff Exhibit KALF-2.

1 to update plant in service and is necessary for the synchronization of plant in service
2 balances with accumulated depreciation. Updating accumulated depreciation ensures the
3 proper amount of capital that has been returned to Blue Valley is recognized and,
4 therefore, a return on it is no longer needed.

5 **C. Telephone Plant Under Construction**

6 **Q. Please continue by discussing Staff Adjustment No. 5 to rate base.**

7 A. Staff Adjustment No. 5 (RB-5) decreases rate base by \$49,933 on a total company basis,
8 or \$33,162 on an intrastate basis.³ Staff's adjustment removes Telephone Plant Under
9 Construction (TPUC) included in Blue Valley's Application.

10 **Q. Please provide an explanation of TPUC and how it has been handled in the past.**

11 A. TPUC are costs incurred during the construction of a company's plant. These costs
12 remain in TPUC during the construction period and are not transferred to a company's
13 depreciable plant until construction is complete. In recent base rate cases, Staff has made
14 adjustments to a utility's construction work in progress (CWIP), similar to TPUC,
15 balance in accordance with K.S.A. 66-128, which states:

16 “(b)(1) For the purposes of this act, except as provided by subsection (b)(2),
17 property of any public utility which has not been completed and dedicated to
18 commercial service shall not be deemed to be used and required to be used in the
19 public utility's service to the public. (2) Any public utility property described in
20 subsection (b)(1) shall be deemed to be completed and dedicated to commercial
21 service if: (A) Construction of the property will be commenced and completed in
22 one year or less; (B) the property is an electric generation facility that converts
23 wind, solar, biomass, landfill gas or any other renewable source of energy; (C) the
24 property is an electric generation facility or addition to an electric generation
25 facility; or (D) the property is an electric transmission line, including all towers,
26 poles and other necessary appurtenances to such lines, which will be connected to
27 an electric generation facility.”
28

³ See Staff Exhibit KALF-4.

1 In accordance with the statute above, Staff removes CWIP, or TPUC, that is not in
2 service 12 months after the end of the test year. In this case, that means no TPUC shall
3 be included for KUSF support.

4 **D. Materials and Supplies**

5 **Q. Please continue by discussing Staff Adjustment No. 6 to rate base.**

6 A. Staff Adjustment No. 6 (RB-6) decreases rate base by \$3,938 on a total company basis, or
7 \$2,846 on an intrastate basis.⁴ Staff's adjustment normalizes the materials and supplies
8 balance included in the test year by using a five-year average.

9 **Q. Why did Staff use a five-year normalization period in its adjustment?**

10 A. As depicted in Exhibit KALF-4, Blue Valley's annual materials and supplies balances
11 have historically fluctuated over the years. In recent years, these levels have continued to
12 fluctuate with inventory levels decreasing by 9.3% between 2016 and 2017, followed by
13 a 9.72% increase in 2018 and another decrease of 24.65% in 2019. Therefore, using a
14 three-year average containing a significantly lower balance in 2019 would not accurately
15 capture an appropriate normalized balance. Assuming the inventory levels continue to
16 fluctuate as historically shown, Staff concluded that a using a five-year average to
17 normalize the fluctuating balances would more accurately reflect the materials and
18 supplies balances going forward.

19 **E. Cash Working Capital**

20 **Q. Please continue by discussing Staff Adjustment No. 7 to rate base.**

21 A. Staff Adjustment No. 7 (RB-7) decreases rate base by \$51,241 on a total company basis
22 and directly assigns to intrastate operations a Cash Working Capital (CWC) level of

⁴ See Staff Exhibit KALF-5.

1 \$5,286.⁵ This adjustment computes a CWC allowance based on Staff's adjusted expense
2 amounts and the standard allowance method (SAM). The derivation of this adjustment is
3 shown in detail in Schedule A-3 of Staff's accounting schedules.

4 **Q. What is CWC?**

5 A. CWC relates to the recognition of the additional investment that must be made to support
6 day-to-day operations. The actual CWC requirement of a utility consists of the net
7 investment required to provide funds to allow for payment of goods and services prior to
8 the collection of revenues for services provided.

9 **Q. How is CWC calculated?**

10 A. While CWC is usually calculated using a lead-lag study, Staff's calculation is based on
11 the 15-day standard allowance method. This methodology is consistent with the
12 Commission Order in Docket No. 01-SNKT-544-AUD (01-544 Docket), in which the
13 Commission stated that, while it prefers an individualized company lead-lag study, it
14 recognizes that such a study could be cost prohibitive to some companies. The
15 Commission also concluded that consistency in KUSF audits is important and beneficial
16 to both Staff and the RLECs and that it would accept a company's use of the SAM to
17 calculate CWC if that is the method used by the company in its filings with the FCC and
18 National Exchange Carriers Association (NECA). Specifically, in regards to the
19 Commission's final decision on CWC, the Order states:

20 It is reasonable for this Commission to rely upon determinations by the FCC and
21 NECA that the Standard Allowance Method is appropriate to use for determining
22 the CWC of rural LECs. The Commission will not routinely adopt an adjustment
23 to the Standard Allowance Method, proposed either by the company or by Staff,

⁵ It should be noted that Staff's adjustment decreases Blue Valley's CWC balance of \$247,363 by \$51,241, resulting in a total CWC balance of \$196,103. Of that amount, \$106,328 is then allocated to intrastate operations, which represents a decrease of \$5,286 compared to the directly assigned intrastate amount of \$111,614 included in Blue Valley's Application.

1 unless it reflects a factual circumstance of that company that has a material impact
2 on its CWC need and that is not otherwise captured in the methodology.⁶
3

4 **Q. Will the CWC requirement need to be updated if any change is made to Staff's**
5 **adjusted income statement?**

6 A. Yes. Any Commission decision that results in changes to Staff's adjusted income
7 statement will also result in a change to Blue Valley's CWC requirements.
8

9 **VI. Adjustments to Income Statement**

10 **A. Depreciation Expense**

11 **Q. Please continue by discussing Staff Adjustment No. 9 to the income statement.**

12 A. Staff Adjustment No. 9 (IS-9) decreases Blue Valley's operating income by \$1,078,304
13 on a total company basis, or \$683,090 on an intrastate basis.⁷ Staff's adjustment updates
14 depreciation expense to reflect Staff's adjusted depreciable plant assets and accumulated
15 depreciation as of December 31, 2019, as reflected in Adjustments RB-3 and RB-4. Then,
16 Staff multiplied its adjusted net depreciable plant balances by Blue Valley's last
17 Commission-approved depreciation rates to yield an updated annualized depreciation
18 expense for each plant account.⁸ Staff's annualized regulated depreciation expense was
19 then compared against Blue Valley's pro forma annualized depreciation expense, with the
20 difference being Staff's adjustment. Updating Blue Valley's depreciation expense is
21 appropriate as it reflects actual, known and measurable balances as of December 31,
22 2019. Therefore, the updated test year data is more representative of Blue Valley's
23 ongoing, normal operations.

⁶ *Order Setting Revenue Requirements*, 01-544 Docket, p. 25, ¶ 62 (Sept. 11, 2001).

⁷ See Staff Exhibit KALF-3.

⁸ Blue Valley's current depreciation rates were approved by the Commission in Docket No. 97-BLVT-197-DRS.

B. Board of Director Expenses**Q. Please continue by discussing Staff Adjustment No. 10 to the Income Statement.**

A. Staff Adjustment No. 10 (IS-10) decreases Blue Valley's operating expenses by \$97,325 on a total company basis, or \$49,217 on an intrastate basis.⁹ Staff's adjustment:

- Reallocates all Board of Directors compensation and fees, including meeting fees, benefits, travel and per diem, between regulated and non-regulated services;
- Normalizes the number of meetings held in the test year;
- Reduces the average costs per Board member to \$15,050 per member;
- Removes the costs associated with Long Term Care insurance; and
- Removes travel expenses which are inappropriate for KUSF support.

Q. Does Staff's adjustment reflect the recent Order in Docket 20-UTAT-032-KSF (20-032)?

A. Yes. In the 20-032 Order, the Commission laid out six factors for the review of Board costs detailed below which Staff utilized in its review of Board expenses. These factors are as follows:

- (1) whether the expenses are just and reasonable;
 - (2) do the expenses disproportionately benefit the RLECs' shareholders at the expense of contributors to the KUSF;
 - (3) are the benefits reasonably related to the qualifications of the Board members;
 - (4) are the Board members independent or are they family members or employees of the RLEC;
 - (5) are the expenses reasonable compared to the costs incurred by other similarly-situated and similarly-sized RLECs throughout the state and the country; and
 - (6) any other evidence the Commission determines is relevant to the issue of whether cost recovery through the KUSF should be allowed for these expenses.
- Staff's evaluation of these factors is as follows:

⁹ See Staff Exhibit KALF-6.

1 **Just and Reasonable**—As a result of Staff’s review and our related adjustments
2 removing certain Board expenses, Staff has determined that the remaining Board
3 expenses are just and reasonable. This is the overarching standard by which all expenses
4 in the cost of service are measured, and in this case, the application of each of the below
5 standards allows Staff to be confident that this is the case.

6 **Disproportionate Benefit of Shareholders**—This standard may not be directly
7 applicable to Blue Valley because it is a member-owned cooperative, therefore, it does
8 not have shareholders in the fashion that a for-profit RLEC would. If an RLEC was
9 attempting to shift costs from non-regulated operations to the regulated side of the
10 business, this could potentially benefit Blue Valley’s members at the expense of non-
11 member contributors to the KUSF. Staff asserts that this issue has been addressed with
12 the use of the regulated allocation factors recommended by Staff witness Ann Diggs.

13 **Qualifications of Board Members**—Blue Valley’s Board members are elected by its
14 members and are required to live within a district in Blue Valley’s service territory.
15 Additionally, Board members cannot be related to any Blue Valley employee or director.
16 Since Board members are elected by the customers of Blue Valley, which in turn own the
17 company, Staff has no concern with the qualifications of the Board members.

18 **Reasonable Compared to Similarly Sized RLEC’s**—To evaluate this factor, Staff
19 compared the costs of Blue Valley’s Board compensation costs to other similarly-situated
20 and similarly-sized RLECs throughout the country as reported in the 2018 NTCA’s
21 Survey of Compensation & Benefits. Staff made various adjustments to adjust Blue
22 Valley’s test year to better align with other RLECs in the country. Each adjustment and
23 the reason for removing the expenses is discussed in more detail below. Attached are two

1 additional exhibits to this testimony with additional detail. First is KALF-6(c) which
2 compares Blue Valley's Board costs to other Board costs for RLECs in the country.
3 Second is KALF-6(d), containing the pages of the 2018 NTCA Survey of Compensation
4 & Benefits which detail the amount RLECs pay their Board members throughout the
5 country.

6 **Any Other Evidence**—Lastly, for factor six, the Commission requested any other
7 evidence to assist the Commission in determining whether cost recovery should be
8 recovered through the KUSF. Staff has evaluated each of the above factors but doesn't
9 have any additional evidence to provide at this time.

10 **Q. Please explain Blue Valley's allocation of the Board of Directors expenses during the**
11 **test year.**

12 A. During the test year, there were seven members serving on Blue Valley's regulated Board
13 of Directors. Each Board Member is compensated \$300 per meeting plus mileage to the
14 attend meeting, which are paid solely by Blue Valley. Further, Board members receive
15 meeting fees and per diem related to the attendance of industry conferences, which are
16 recorded solely to the regulated operations. Furthermore, the Company provides the
17 Board of Directors with long term care (LTC) insurance, health insurance, life insurance,
18 and 24-hour accident insurance, paid solely by Blue Valley.

19 **Q. Does Staff concur with the Company's allocation of Board Member expense**
20 **between regulated and non-regulated operations?**

21 A. No. In fact, in response to Staff Data Request No. 73, Blue Valley stated that costs are
22 split between Blue Valley and One Point Technologies (One Point), however based on
23 Staff's review of each Company's general ledger, Board costs were only recorded to Blue

1 Valley. Each Board meeting held covers both Blue Valley and One Point topics and the
2 same Board members serve both Boards. Therefore, Staff proposes the same allocations
3 determined by Staff witness Ann Diggs. Based on its review of recent Board of Directors
4 minutes, in addition to the payroll split during the test year, Staff proposes a 45.23%
5 allocation of Board of Directors expenses to regulated operations is reasonable.

6 **Q. Please elaborate on Staff's adjustment to normalize the number of meetings held in**
7 **the test year.**

8 A. During the test year, Blue Valley's Board met 17 times: 12 monthly, one annual, and four
9 special meetings. This is not an abnormally high number of meetings for Blue Valley,
10 however when compared to other telephone companies included in the 2018 NTCA
11 Survey of Compensation & Benefits,¹⁰ 17 meetings is well above the average of 12
12 meetings. Staff's concern is that Blue Valley is requesting the KUSF to fund total
13 meeting expense amounts that are abnormal compared to the industry average.
14 Accordingly, Staff's adjustment removes the expense associated with the higher number
15 of meetings from Blue Valley's cost of service.

16 Staff's adjustment to calculate a normalized level of expense is calculated by
17 multiplying the \$300 per meeting per Board member by 12. Staff used the same
18 methodology for mileage, with the exception that each employee is paid a different total
19 amount based on the distance they travel to attend the Board meeting. The difference
20 between the normalized level of Board expense and the level that Blue Valley recorded in
21 its Application represents Staff's adjustment.

22 **Q. Please explain why Staff removed Long Term Care insurance.**

¹⁰ See Staff Exhibits KALF-6(b) and KALF-6(c).

1 A. While reviewing the 2018 NTCA Survey of Compensation & Benefits, Staff discovered
2 that there are a variety of different insurance options offered to Board members. As seen
3 in Staff Exhibit KALF-6(b), Long-Term Care is the least frequently offered benefit
4 according to the NTCA survey. Since a majority of telephone companies do not provide
5 this benefit, Staff has determined that Long-Term Care insurance is not a necessary cost
6 of providing efficient and sufficient telecommunications service to Blue Valley
7 customers and has removed these costs from Blue Valley's cost of service.

8 **Q. Please explain why Staff reduced the average Board member costs included in the**
9 **test year.**

10 A. During Staff's audit, Staff determined that the average cost per Board member was
11 \$18,036 during the test year. In the 2018 NTCA Survey of Compensation & Benefits, the
12 median cost per Board member based on companies with similar operating revenue and
13 number of employees as Blue Valley was \$12,100 and \$18,000, respectively. Staff
14 determined that averaging those two amounts, \$12,100 and \$18,000, creates a reasonable
15 cost per Board member of \$15,050 for Staff to apply to Blue Valley's request for KUSF
16 support. Staff's adjustment took the \$15,050 per Board member and multiplied that by
17 the number of Board members during the test year, with the result being the limit of
18 Board member costs to include in the case for KUSF support.

19 **Q. Please provide an overview of the Board-focused travel expenses Staff removed**
20 **from the case.**

21 A. Staff's adjustments for Board travel expenses fall into three categories. The first removes
22 the costs for the spring 2019 NTCA conference, the spring 2018 NTCA costs were
23 included in the test year. The second category are those meetings which are lobbying in

1 nature. Finally, Staff removed the costs for Board members to Board a flight early,
2 reduced the costs of a flight that was more than three times that of two others traveling
3 with the same airline on the same dates, and extra conference activities. Each category of
4 Staff's adjustment removes expenses which are not directly related to the provision of
5 efficient and sufficient service, do not directly benefit telecommunications customers in
6 the state, and are not appropriate for KUSF support.

7 **C. Travel Expenses**

8 **Q. Please continue by discussing Staff Adjustment No. 11 to the Income Statement.**

9 A. Staff Adjustment No. 11 (IS-11) decreases operating expenses by \$6,574 on a total
10 company basis, or \$3,653 on an intrastate basis.¹¹ This adjustment eliminates certain
11 travel and training expenses during the test year. More specifically, this adjustment
12 removes a portion of travel expenditures related to conferences covering topics associated
13 with Blue Valley's non-regulated services and disallows certain miscellaneous expenses
14 that would be inappropriate to recover through KUSF support, including the costs for
15 airline upgrades, entertainment expenses, lobbying, and spousal expenses.

16 **Q. Please discuss Staff's removal of travel expenditures related to non-regulated**
17 **services.**

18 A. During Staff's discovery process, Staff reviewed the agendas associated with each
19 conference and training event attended during the test year. For each agenda containing
20 topics exclusively related to non-regulated services, Staff removed 100% of the travel
21 expenses associated with the trip. Additionally, Staff removed 50% of travel

¹¹ See Staff Exhibit KALF-7.

1 expenditures for conferences that covered both regulated and non-regulated service topics
2 and for training seminars that benefit both regulated and non-regulated operations.

3 **VIII. Conclusion**

4 **Q. Does that conclude your testimony?**

5 A. Yes.

6 **EXHIBITS**

7 KALF-1 Staff Exhibit to update Plant in Service

8 KALF-1 (a) Plant in Service Detail

9 KALF-2 Staff Exhibit to update Accumulated Depreciation

10 KALF-2 (a) Accumulated Depreciation Detail

11 KALF-3 Staff Exhibit to update Depreciation Expense

12 KALF-3 (a) Depreciation Expense Detail

13 KALF-4 Staff Exhibit to remove Telephone Plant Under Construction

14 KALF-5 Staff Exhibit adjust Materials and Supplies

15 KALF-6 Staff Exhibit to remove Board of Director Expenses

16 KALF-6 (a) Board of Director Expenses Detail

17 KALF-6 (b) 2018 NTCA Survey Observations (CONFIDENTIAL)

18 KALF-6 (c) Selected 2018 NTCA Survey Pages (CONFIDENTIAL)

19 KALF-7 Staff Exhibit to remove Travel Expenses

20 KALF-7 (a) Travel Expense Detail

Blue Valley Tele-Communications, Inc
Staff Adjustment to Plant in Service
Rate Base Adjustment No. 3
For the Test Year Ended December 31, 2018

Docket No. 20-BLVT-218-KSF
Exhibit KALF-1

Line No.	Acct.	Description	Total Company	Regulated Percentage	Staff Adjustment	Intrastate Separation	Intrastate Adjustment
1	2110.5	Other Work Equipment	25,634	49.44%	12,673	0.664130	8,417
2	2110.6	Buildings	15,820	47.33%	7,488	0.664130	4,973
3	2110.9	General Purpose Computers	3,612	45.23%	1,634	0.664130	1,085
4	2230.4	Subscriber Carrier Equipment	316	100.00%	316	0.414889	131
5	2230.4	Subscriber Carrier Equipment - O&W	(1)	100.00%	(1)	0.414889	(0)
6	2410.2	Buried Cable	(1,760)	100.00%	(1,760)	0.722606	(1,272)
7	2410.21	Buried Cable - Fiber	(40,399)	100.00%	(40,399)	0.722606	(29,193)
8	2410.3	Buried Cable - Drops & Protectors	1,105	100.00%	1,105	0.722606	798
9	2410.3	Buried Cable - Drops & Protectors - O&W	(1,221)	100.00%	(1,221)	0.722606	(882)
10		Staff Adjustment to Plant in Service	<u>3,106</u>		<u>(20,165)</u>		<u>(15,943)</u>

Source: See Staff Exhibit KALF-1(a)

Blue Valley Tele-Communications, Inc
Plant in Service Detail

Docket No. 20-BLVT-218-KSF
Exhibit KALF-1(a)

			(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line			Plant Book	Company	Company	Company	Trial Balance	Total Staff	
No.	Account	Description	Balance Per	Cost Study	Pro Forma	Pro Forma	as of	Adjustment to	Staff Adjusted
			Application	Adjustment	Adjustments	Balance	12/31/2019	Plant	Plant
						(a) + (b) + (c)	[Note 1]	(e) - [(a) + (c)]	(d) + (f)
General Support Assets									
1	2111.000	Land	65,547	(17,842)	-	47,705	65,547	-	47,705
2	2110.000.5	Land - O&W	6,500	(1,769)	-	4,731	6,500	-	4,731
3	2110.100	Motor Vehicles	759,065	(285,864)	6,436	479,637	765,501	-	479,637
4	2111.100.5	Motor Vehicles - O&W	-	-	-	-	-	-	-
5	2110.500	Other Work Equip	1,286,528	(85,168)	22,560	1,223,920	1,334,722	25,634	1,249,554
6	2110.600	Buildings	2,175,767	(1,015,355)	-	1,160,412	2,191,587	15,820	1,176,232
7	2110.600.5	Buildings - O&W	-	-	-	-	-	-	-
8	2110.800	Office Equipment	75,891	(20,658)	-	55,233	75,891	-	55,233
9	2110.850	Company Communication Equipment	449,341	(134,365)	-	314,976	449,341	-	314,976
10	2110.850.5	Company Communication Equipment - O&W	44,285	-	-	44,285	44,285	-	44,285
11	2110.900	General Purpose Computers	467,725	(127,315)	1,280	341,690	472,617	3,612	345,302
12		Total General Support Facilities	5,330,649	(1,688,336)	30,276	3,672,589	5,405,991	45,066	3,717,655
Central Office Equipment									
13	2210.200	Digital Electronic Switching	2,325,834	(1,483,127)	-	842,707	2,325,834	-	842,707
14	2210.200.5	Digital Electronic Switching - O&W	112,854	(89,738)	-	23,116	112,854	-	23,116
15	2230.300	Circuit Equipment	988,040	-	6,326	994,366	994,366	-	994,366
16	2230.300.5	Circuit Equipment - O&W	123,535	-	-	123,535	123,535	-	123,535
17	2230.400	Subscriber Equipment	2,287,865	1,418,685	246,715	3,953,265	2,534,896	316	3,953,581
18	2230.400.5	Subscriber Equipment - O&W	1,509,186	89,738	50,493	1,649,417	1,559,678	(1)	1,649,416
19	2230.500	Toll Carrier Equipment	999,180	-	-	999,180	999,180	-	999,180
20	2230.500.5	Toll Carrier Equipment - O&W	128,664	-	-	128,664	128,664	-	128,664
21	2230.600	Lightwave Equipment	451,905	-	-	451,905	451,905	-	451,905
22		Total Central Office Equipment	8,927,063	(64,442)	303,534	9,166,155	9,230,912	315	9,166,470
Cable and Wire Facilities									
23	2410.000	Aerial Cable	94,235	-	-	94,235	94,235	-	94,235
24	2410.200	Buried Cable	21,242,294	(439,463)	15,386	20,818,217	21,255,920	(1,760)	20,816,457
25	2410.200.5	Buried Cable - O&W	853,460	(56,984)	2,783	799,259	856,243	-	799,259
26	2410.210	Buried Cable - Fiber	9,700,590	-	576,871	10,277,461	10,237,062	(40,399)	10,237,062
27	2410.210.5	Buried Cable - Fiber - O&W	8,736,717	-	-	8,736,717	8,736,717	-	8,736,717
28	240.300	Buried Cable - Drops & Protectors	290,138	-	14,858	304,996	306,101	1,105	306,101
29	2410.300.5	Buried Cable - Drops & Protectors - O&W	268,227	-	8,042	276,269	275,048	(1,221)	275,048
30		Total Cable and Wire Facilities	41,185,661	(496,447)	617,940	41,307,154	41,761,326	(42,275)	41,264,879
31	2681.000	Capital Lease	3,268,975	(118,664)	-	3,150,311	3,268,975	-	3,150,311
32	2690.000	Intangibles-Organization	1,104	-	-	1,104	1,104	-	1,104
33		Total Telephone Plant	58,713,452	(2,367,889)	951,750	57,297,313	59,668,308	3,106	57,300,419

Note 1: Staff adjustment reflects the changes made to Capital Lease made shown in Staff witness Ann Diggs' testimony.

Sources: See Section 4 of Blue Valley's Application
Blue Valley's Response to Data Requests 4 and 72

Blue Valley Tele-Communications, Inc
Staff Adjustment to Accumulated Depreciation
Rate Base Adjustment No. 4
For the Test Year Ended December 31, 2018

Docket No. 20-BLVT-218-KSF
Exhibit KALF-2

Line No.	Description	Total Company	Regulated Percentage	Staff Adjustment	Intrastate Separation	Intrastate Adjustment
1	Motor Vehicles	(79,285)	45.23%	(35,861)	0.653935	(23,451)
2	Other Work Equipment	(88,588)	49.44%	(43,798)	0.653935	(28,641)
3	Buildings	(37,957)	47.33%	(17,965)	0.653935	(11,748)
4	General Purpose Computers	(87,199)	45.23%	(39,440)	0.653935	(25,791)
5	Circuit Equipment	(158,764)	100.00%	(158,764)	0.653935	(103,821)
6	Circuit Equipment O&W	(19,760)	100.00%	(19,760)	0.653935	(12,922)
7	Subscriber Equipment	(367,613)	100.00%	(367,613)	0.653935	(240,395)
8	Subscriber Carrier Equipment O&W	(71,883)	100.00%	(71,883)	0.653935	(47,007)
9	Toll Carrier Equipment O&W	(20,581)	100.00%	(20,581)	0.653935	(13,459)
10	Aerial Cable	(16,566)	100.00%	(16,566)	0.653935	(10,833)
11	Buried Cable	(1,206,260)	100.00%	(1,206,260)	0.653935	(788,816)
12	Buried Cable - Fiber	(212,227)	100.00%	(212,227)	0.653935	(138,783)
13	Buried Cable - Fiber O&W	(495,897)	100.00%	(495,897)	0.653935	(324,284)
14	Buried Cable - Drops & Protectors	(17,024)	100.00%	(17,024)	0.653935	(11,132)
15	Buried Cable - Drops & Protect O&W	(15,388)	100.00%	(15,388)	0.653935	(10,062)
16	Staff Adjustment to Accumulated Depreciation	<u>(2,894,991)</u>		<u>(2,739,026)</u>		<u>(1,791,145)</u>

Source: See Staff Exhibit KALF-2(a)

Blue Valley Tele-Communications, Inc
Accumulated Depreciation Detail

Docket No. 20-BLVT-218-KSF
Exhibit KALF-2(a)

Line No.		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Description	Accum. Depr. Book Balance Per Application	Company Cost Study Adjustment	Company Pro Forma Adjustments	Company Pro Forma Balance	Trial Balance as of 12/31/2019 [Note 1]	Total Staff Adjustment to Accum. Depr.	Staff Adjusted Accum. Depr.
					(a) + (b) + (c)		(e) - [(a) + (c)]	(d) + (f)
General Support Facilities								
1	Land	-	-	-	-	-	-	-
2	Land O&W	-	-	-	-	-	-	-
3	Motor Vehicles	(759,065)	285,864	72,849	(400,352)	(765,501)	(79,285)	(479,637)
4	Motor Vehicles O&W	-	-	-	-	-	-	-
5	Other Work Equipment	(1,286,528)	85,168	40,394	(1,160,966)	(1,334,722)	(88,588)	(1,249,554)
6	Buildings	(2,151,886)	992,467	-	(1,159,419)	(2,189,843)	(37,957)	(1,197,376)
7	Buildings O&W	(22)	-	-	(22)	(22)	-	(22)
8	Office Equipment - Support	(75,891)	20,658	-	(55,233)	(75,891)	-	(55,233)
9	Office Equipment - Comm Equip	(449,341)	134,365	-	(314,976)	(449,341)	-	(314,976)
10	Comm Equipment O&W	(44,285)	-	-	(44,285)	(44,285)	-	(44,285)
11	General Purpose Computers	(364,895)	99,324	-	(265,571)	(452,094)	(87,199)	(352,770)
12	Total General Support Facilities	(5,131,913)	1,617,846	113,243	(3,400,824)	(5,311,699)	(293,029)	(3,693,853)
Central Office Equipment								
13	Digital Electronic Switching	(2,325,834)	1,548,818	-	(777,016)	(2,325,834)	(0)	(777,016)
14	Digital Electronic Switching O&W	(114,792)	89,738	-	(25,054)	(114,792)	(0)	(25,054)
15	Circuit Equipment	(264,381)	-	-	(264,381)	(423,145)	(158,764)	(423,145)
16	Circuit Equipment O&W	(51,255)	-	-	(51,255)	(71,015)	(19,760)	(71,015)
17	Subscriber Equipment	(1,558,108)	(1,500,078)	-	(3,058,186)	(1,925,721)	(367,613)	(3,425,799)
18	Subscriber Carrier Equipment O&W	(1,487,795)	(74,037)	-	(1,561,832)	(1,559,678)	(71,883)	(1,633,715)
19	Toll Carrier Equipment	(999,180)	-	-	(999,180)	(999,180)	0	(999,180)
20	Toll Carrier Equipment O&W	(99,663)	-	-	(99,663)	(120,244)	(20,581)	(120,244)
21	Lightwave Equipment	(451,905)	-	-	(451,905)	(451,905)	(0)	(451,905)
22	Total Central Office Equipment	(7,352,913)	64,441	-	(7,288,472)	(7,991,515)	(638,602)	(7,927,074)
Cable and Wire Facilities								
23	Aerial Cable	(42,107)	-	-	(42,107)	(58,673)	(16,566)	(58,673)
24	Buried Cable	(12,408,186)	313,189	-	(12,094,997)	(13,614,446)	(1,206,260)	(13,301,257)
25	Buried Cable - O&W	374,087	30,647	-	404,734	374,087	0	404,734
26	Buried Cable - Fiber	(9,700,590)	-	163,129	(9,537,461)	(9,749,688)	(212,227)	(9,749,688)
27	Buried Cable - Fiber O&W	(5,561,441)	-	-	(5,561,441)	(6,057,338)	(495,897)	(6,057,338)
28	Buried Cable - Drops & Protectors	(219,751)	-	-	(219,751)	(236,775)	(17,024)	(236,775)
29	Buried Cable - Drops & Protect O&W	(114,567)	-	-	(114,567)	(129,955)	(15,388)	(129,955)
30	Total Cable and Wire Facilities	(27,672,555)	343,836	163,129	(27,165,590)	(29,472,787)	(1,963,361)	(29,128,951)
31	Total Accumulated Depreciation	(40,157,381)	2,026,123	276,372	(37,854,886)	(42,776,001)	(2,894,992)	(40,749,878)
Amortization								
32	Capitalized Lease	(1,204,359)	43,718	-	(1,160,641)	(1,376,411)	(172,051.57)	(1,332,693)
33	Telecome Plant Adjustment - Original	(21,286)	-	-	(21,286)	(21,286)	0	(21,286)
34	Telecome Plant Adjustment - Beattie	(12,211)	-	-	(12,211)	(12,211)	-	(12,211)
35	Telecome Plant Adjustment - Palmer	(12,263)	-	-	(12,263)	(12,263)	(0)	(12,263)
36	Telecome Plant Adjustment - Toll Facility	(19,409)	-	-	(19,409)	(19,409)	1	(19,409)
37	Telecome Plant Adjustment - Linn	(75,704)	-	-	(75,704)	(75,704)	0	(75,704)
38	Total Amortization	(1,345,232)	43,718	-	(1,301,514)	(1,517,283)	(172,051)	(1,473,565)
39	Total Accum. Depr. and Amort.	(41,502,613)	2,069,841	276,372	(39,156,400)	(44,293,283)	(3,067,042)	(42,223,442)

Note 1: Staff adjustment reflects the changes made to Capital Lease made shown in Staff witness Ann Diggs' testimony.

Sources: See Section 5 of Blue Valley's Application
Blue Valley's Response to Data Requests 4 and 72

Blue Valley Tele-Communications, Inc
Staff Adjustment to Depreciation
Income Statement Adjustment No. 9
For the Test Year Ended December 31, 2018

Docket No. 20-BLVT-218-KSF
Exhibit KALF-3

Line No.	Description	Total Company	Intrastate Separation	Intrastate Adjustment
1	Depreciation and Amortization (Acct. 6560)	<u>(1,055,957)</u>	0.633485	<u>(668,933)</u>
2	Staff Adjustment to Depreciation Expense	<u><u>(1,055,957)</u></u>		<u><u>(668,933)</u></u>

Breakdown of Adjustment:

3	Staff Normalized Regulated Depreciation Expense	2,627,176
4	Blue Valley Pro Forma Depreciation Expense	3,713,240
5	Staff Adjustment No. IS-14	(100)
6	Staff Adjustment No. IS-15	<u>(30,007)</u>
7	Staff Adjusted Pro Forma Test Year Depreciation Expense	<u>3,683,133</u>
8	Staff Adjustment to Depreciation Expense - Prior to Separation	<u><u>(1,055,957)</u></u>

Sources: See Sections 9 & 10 of Blue Valley's Application
Exhibit KALF-3(a)

Blue Valley Tele-Communications, Inc
Depreciation Expense Detail

Docket No. 20-BLVT-218-KSF
Exhibit KALF-3(a)

			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
Line			Plant Book	Company	Company			Accumulated	Company	Company		Staff	Staff	Staff	Staff	Staff	Staff	Staff
No.	Account	Description	Balance Per	Cost Study	Pro Forma	Staff	Staff Adjusted	Depreciation	Cost Study	Pro Forma	Staff	Accumulated	Adjusted Net	Depreciation	Depreciation	Annualized	Regulated	Regulated
			Application	Adjustments	Adjustment	Adjustment	Plant	Per Application	Adjustment	Adjustments	Adjustment	Depreciation	(e) + (j)	Rates	Expense	Depreciation	Percentage	Depreciation
						KALF-1	(a) + (b) + (c) + (d)				KALF-2	(f) + (g) + (h) + (i)			(e) x (l)	Note 1		(n) x (o)
General Support Assets																		
1	2111.000	Land	65,547	(17,842)	-	-	47,705	-	-	-	-	-	47,705	0.00%	-	-	61.43%	-
2	2110.000.5	Land - O&W	6,500	(1,769)	-	-	4,731	-	-	-	-	-	4,731	0.00%	-	-	61.43%	-
3	2110.100	Motor Vehicles	759,065	(285,864)	6,436	-	479,637	(759,065)	285,864	72,849	(79,285)	(479,637)	-	26.27%	126,001	-	45.23%	-
4	2111.100.5	Motor Vehicles - O&W	-	-	-	-	-	-	-	-	-	-	-	26.27%	-	-	45.23%	-
5	2110.500	Other Work Equip	1,286,528	(85,168)	22,560	25,634	1,249,554	(1,286,528)	85,168	40,394	(88,588)	(1,249,554)	-	23.98%	299,643	-	49.44%	-
6	2110.600	Buildings	2,175,767	(1,015,355)	-	15,820	1,176,232	(2,151,886)	992,467	-	(37,957)	(1,197,376)	(21,144)	5.02%	59,047	(21,144)	47.33%	(10,007)
7	2110.600.5	Buildings - O&W	-	-	-	-	-	(22)	-	-	-	(22)	-	5.02%	-	(22)	47.33%	(10)
8	2110.800	Office Equipment	75,891	(20,658)	-	-	55,233	(75,891)	20,658	-	-	(55,233)	-	18.10%	9,997	-	45.23%	-
9	2110.850	Company Communication Equipment	449,341	(134,365)	-	-	314,976	(449,341)	134,365	-	-	(314,976)	-	18.10%	57,011	-	45.23%	-
10	2110.850.5	Company Communication Equipment - O&W	44,285	-	-	-	44,285	(44,285)	-	-	-	(44,285)	-	18.10%	8,016	-	45.23%	-
11	2110.900	General Purpose Computers	467,725	(127,315)	1,280	3,612	345,302	(364,895)	99,324	-	(87,199)	(352,770)	(7,468)	18.57%	64,123	(7,468)	45.23%	(3,378)
12	Total General Support Facilities		5,330,649	(1,688,336)	30,276	45,066	3,717,655	(5,131,913)	1,617,846	113,243	(293,029)	(3,693,853)	23,802		623,837	(28,634)		(13,396)
Central Office Equipment																		
13	2210.200	Digital Electronic Switching	2,325,834	(1,483,127)	-	-	842,707	(2,325,834)	1,548,818	-	(0)	(777,016)	65,691	11.58%	97,585	65,691	100.00%	65,691
14	2210.200.5	Digital Electronic Switching - O&W	112,854	(89,738)	-	-	23,116	(114,792)	89,738	-	(0)	(25,054)	(1,938)	11.58%	2,677	(1,938)	100.00%	(1,938)
15	2230.300	Circuit Equipment	988,040	-	6,326	-	994,366	(264,381)	-	-	(158,764)	(423,145)	571,221	16.00%	159,099	159,099	100.00%	159,099
16	2230.300.5	Circuit Equipment - O&W	123,535	-	-	-	123,535	(51,255)	-	-	(19,760)	(71,015)	52,520	16.00%	19,766	19,766	100.00%	19,766
17	2230.400	Subscriber Equipment	2,287,865	1,418,685	246,715	316	3,953,581	(1,558,108)	(1,500,078)	-	(367,613)	(3,425,799)	527,782	16.00%	632,573	527,782	100.00%	527,782
18	2230.400.5	Subscriber Equipment - O&W	1,509,186	89,738	50,493	(1)	1,649,416	(1,487,795)	(74,037)	-	(71,883)	(1,633,715)	15,701	16.00%	263,907	15,701	100.00%	15,701
19	2230.500	Toll Carrier Equipment	999,180	-	-	-	999,180	(999,180)	-	-	0	(999,180)	0	16.00%	159,869	0	100.00%	0
20	2230.500.5	Toll Carrier Equipment - O&W	128,664	-	-	-	128,664	(99,663)	-	-	(20,581)	(120,244)	8,420	16.00%	20,586	8,420	100.00%	8,420
21	2230.600	Lightwave Equipment	451,905	-	-	-	451,905	(451,905)	-	-	(0)	(451,905)	(0)	16.00%	72,305	(0)	100.00%	(0)
22	Total Central Office Equipment		8,927,063	(64,442)	303,534	315	9,166,470	(7,352,913)	64,441	-	(638,602)	(7,927,074)	1,239,396		1,428,366	794,519		794,519
Cable and Wire Facilities																		
23	2410.000	Aerial Cable	94,235	-	-	-	94,235	(42,107)	-	-	(16,566)	(58,673)	35,562	17.58%	16,567	-	100.00%	-
24	2410.200	Buried Cable	21,242,294	(439,463)	15,386	(1,760)	20,816,457	(12,408,186)	313,189	-	(1,206,260)	(13,301,257)	7,515,200	5.38%	1,119,925	1,119,925	100.00%	1,119,925
25	2410.200.5	Buried Cable - O&W	853,460	(56,984)	2,783	-	799,259	(374,087)	30,647	-	0	404,734	1,203,993	5.68%	45,398	45,398	100.00%	45,398
26	2410.210	Buried Cable - Fiber	9,700,590	-	576,871	(40,399)	10,237,062	(9,700,590)	-	163,129	(212,227)	(9,749,688)	487,374	5.68%	581,465	487,374	100.00%	487,374
27	2410.210.5	Buried Cable - Fiber - O&W	8,736,717	-	-	-	8,736,717	(5,561,441)	-	-	(495,897)	(6,057,338)	2,679,379	5.68%	496,246	-	100.00%	-
28	240.300	Buried Cable - Drops & Protectors	290,138	-	14,858	1,105	306,101	(219,751)	-	-	(17,024)	(236,775)	69,326	5.68%	17,387	17,387	100.00%	17,387
29	2410.300.5	Buried Cable - Drops & Protectors - O&W	268,227	-	8,042	(1,221)	275,048	(114,567)	-	-	(15,388)	(129,955)	145,093	6.48%	17,823	17,823	100.00%	17,823
30	Total Cable and Wire Facilities		41,185,661	(496,447)	617,940	(42,275)	41,264,879	(27,672,555)	343,836	163,129	(1,963,361)	(29,128,951)	12,135,928		2,294,810	1,687,907		1,687,907
31	2681.000	Capital Lease	3,268,975	(118,664)	-	-	3,150,311	(1,204,359)	43,718	-	(172,052)	(1,332,693)	1,817,618	5.02%	158,146	158,146	100.00%	158,146
32	2690.000	Intangibles-Organization	1,104	-	-	-	1,104	-	-	-	-	-	1,104	0.00%	-	-	100.00%	-
33	Total Telephone Plant		58,713,452	(2,367,889)	951,750	3,106	57,300,419	(41,361,740)	2,069,841	276,372	(3,067,043)	(42,082,570)	15,217,849		4,505,158	2,611,938		2,627,176

Note 1: The value in column (n) is limited to the lesser of columns (k) or (m). If negative, the value is increased to zero.

Sources: Allocations provided in Staff witness Ann Diggs' testimony
Staff Exhibits KALF-1(a) and KALF-2(a)

Blue Valley Tele-Communications, Inc
Staff Adjustment to TPUC
Rate Base Adjustment No. 5
For the Test Year Ended December 31, 2018

Docket No. 20-BLVT-218-KSF
Exhibit KALF-4

Line No.	Description	Total Company	Intrastate Separation	Intrastate Adjustment
1	Adjustment to Telephone Plant Under Construction (Acct. 2003)	49,933	0.664130	33,162
2	Staff Adjustment to Remove Telephone Plant Under Construction	<u>49,933</u>		<u>33,162</u>

Source: See Section 4 of Blue Valley's Application

Blue Valley Tele-Communications, Inc
Staff Adjustment to Materials and Supplies
Rate Base Adjustment No. 6
For the Test Year Ended December 31, 2018

Docket No. 20-BLVT-218-KSF
Exhibit KALF-5

Line No.	Description	Total Company	Intrastate Separation	Intrastate Adjustment
1	Adjustment to Materials and Supplies (Acct. 1220)	(3,938)	0.722606	(2,846)
2	Staff Adjustment to Materials and Supplies	<u>(3,938)</u>		<u>(2,846)</u>

<u>Breakdown of Adjustment</u>		Year	Amount	Change
3	Materials and Supplies Balance	2010	44,208	
4		2011	51,757	17.08%
5		2012	51,095	-1.28%
6		2013	39,296	-23.09%
7		2014	47,978	22.09%
8		2015	49,077	2.29%
9		2016	51,942	5.84%
10		2017	47,113	-9.30%
11		2018	51,694	9.72%
12		2019	38,953	-24.65%
13	5-Year Average		47,756	
14	Materials and Supplies included in Test Year		51,694	
15	Staff Adjustment to Materials and Supplies - Prior to Separation		<u>(3,938)</u>	

Sources: See Section 4 of Blue Valley's Application
Blue Valley Annual Filings for the years 2009-2018
Blue Valley's Response to Data Requests 25, 57, and 71

Blue Valley Tele-Communications, Inc
Staff Adjustment to Board of Directors
Income Statement Adjustment No. 10
For the Test Year Ended December 31, 2018

Docket No. 20-BLVT-218-KSF
Exhibit KALF-6

Line No.		Total Company	Intrastate Separation	Intrastate Adjustment
1	Director's Expense (Acct. 6720)	(97,325)	0.505701	(49,217)
2	Staff Adjustment to Board of Directors Expense	<u>(97,325)</u>		<u>(49,217)</u>

Source: Exhibit KALF-6(a)

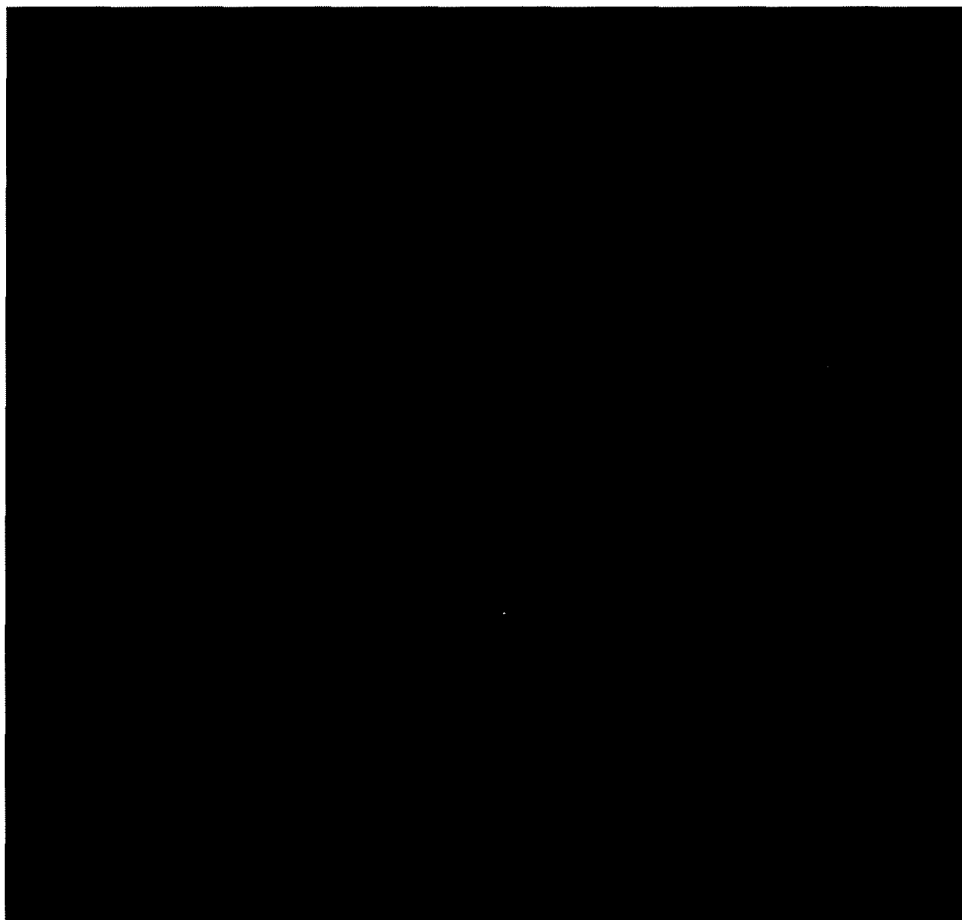
Blue Valley Tele-Communications, Inc
Board of Directors Detail

Docket No. 20-BLVT-218-KSF
Exhibit KALF-6(a)

Line No.	Description	Blue Valley Expenses	OPT Expenses	Less: Expenses to be Removed	Total Board Expenses	Allocation	Board Expenses To Include	Adjustment
<u>Board Costs</u>								
1	Regular Meetings	34,200	-	(9,000)	25,200	45.23%	11,398	(22,802)
2	Mileage - Regular Meetings	2,680	-	(653)	2,027	45.23%	917	(1,763)
3	Health Insurance	76,109	-	-	76,109	45.23%	34,424	(41,685)
4	Dental Insurance	9,605	-	-	9,605	45.23%	4,344	(5,260)
5	Life Insurance	709	-	-	709	45.23%	321	(388)
6	Accident Insurance	349	-	-	349	45.23%	158	(191)
7	DSL	580	-	-	580	45.23%	263	(318)
8	LTC	2,021	-	(2,021)	(0)	45.23%	(0)	(2,021)
9	Reduce Board Costs to \$15,050 Average	-	-	(9,230)	(9,230)	45.23%	(4,175)	(4,175)
10	Total Board Costs	126,254	-	(20,904)	105,350		47,650	(78,604)
		18,036.31			15,050.01			
<u>Travel/Spousal Expenses</u>								
10	NTCA Spring 2019 Costs	3,885	-	(3,885)	-	45.23%	-	(3,885)
11	NTCA Fall 2018 Conference	13,770	-	(1,924)	11,847	45.23%	5,358	(8,412)
12	SITA Meeting in Topeka	273	-	(273)	-	45.23%	-	(273)
13	City County Officials Meeting	272	-	(272)	-	45.23%	-	(272)
14	NTCA Legislative Conference	2,529	-	(2,529)	-	45.23%	-	(2,529)
15	KACP Banquet	379	-	(379)	-	45.23%	-	(379)
16	NTCA Spring 2018 Conference	3,677	-	(315)	3,362	45.23%	1,521	(2,156)
17	TCA Meeting	1,086	-	-	1,086	45.23%	491	(595)
18	Total Travel Costs	25,872	-	(9,577)	16,295		7,370	(18,502)
<u>Miscellaneous Expenses</u>								
19	Clothing	219	-	(219)	0	45.23%	0	(219)
20	Total Miscellaneous Expenses	219	-	(219)	0		0	(219)
21	Total Board of Directors Expense	152,345	-	(30,700)	121,645		55,020	(97,325)

Sources: Blue Valley's Responses to Staff Data Request Nos. 38, 74, 103, and 105
Regulated allocation provided in Staff witness Ann Diggs' testimony
Staff Exhibit KALF-6(b)

CONFIDENTIAL



Blue Valley Tele-Communications, Inc
Staff Adjustment to Travel Expense
Income Statement Adjustment No. 11
For the Test Year Ended December 31, 2018

Docket No. 20-BLVT-218-KSF
Exhibit KALF-7

Line No.	Description	Total Company	Regulated Percentage	Staff Adjustment	Intrastate Separation	Intrastate Adjustment
1	6110 Network Support	(29)	100.00%	(29)	0.664130	(19)
2	6230 Central Office Transmission	(821)	100.00%	(821)	0.395658	(325)
3	6530 Network Operations	(1,480)	100.00%	(1,480)	0.664130	(983)
4	6610 Marketing	(595)	100.00%	(595)	0.805558	(479)
5	6620 Services	(133)	31.65%	(42)	0.534763	(23)
6	6720 Executive	(7,883)	45.23%	(3,565)	0.505701	(1,803)
7	7000 Other Expense	(41)	100.00%	(41)	0.505701	(21)
8	Staff Adjustment to Travel Expense	<u>(10,982)</u>		<u>(6,574)</u>		<u>(3,653)</u>

Source: Exhibit KALF-7(a)

Blue Valley Tele-Communications, Inc
Traveling Detail

Docket No. 20-BLVT-218-KSF
Exhibit KALF-7(a)

Line No.	Meeting	Description	Account	Amount	Expenses to Include	Total Adjustment
1	Chamber Meeting in Westmoreland	Food	6720.300	9	-	(9)
2	Chamber Meeting in Westmoreland	Food	6720.300	6	-	(6)
3	Equinox Fraud Protection User Group	Earlybird Flight Access	6530.300	358	159	(199)
4	Equinox Fraud Protection User Group	Earlybird Flight Access	6230.300	358	159	(199)
5	Equinox Fraud Protection User Group	Food	6530.300	79	39	(39)
6	Equinox Fraud Protection User Group	Food	6230.300	79	39	(39)
7	Equinox Fraud Protection User Group	Lodging	6230.300	1,166	583	(583)
8	Equinox Fraud Protection User Group	Lodging	6530.300	1,280	583	(697)
9	FRS Youth Tour	Luggage Fee	6720.300	25	-	(25)
10	FRS Youth Tour	Parking	6720.300	90	-	(90)
11	FRS Youth Tour	Registration	6720.300	2,150	-	(2,150)
12	MATSS	Food	6720.200	96	29	(67)
13	MATSS	Lodging	6720.200	426	213	(213)
14	MATSS	Mileage	6720.200	178	89	(89)
15	MATSS	Parking	6720.200	48	15	(33)
16	MATSS	Registration	6720.200	160	80	(80)
17	Ballot Counts	Mileage	6720.100	7	-	(7)
18	Parades	Mileage	6720.300	52	-	(52)
19	NTCA Legislative & Policy Meeting	Airfaire	6720.000	458	-	(458)
20	NTCA Legislative & Policy Meeting	Food	6720.000	23	-	(23)
21	NTCA Legislative & Policy Meeting	Food	7000.000	41	-	(41)
22	NTCA Legislative & Policy Meeting	Food	6720.000	10	-	(10)
23	NTCA Legislative & Policy Meeting	Lodging/Taxi/Parking	6720.000	858	-	(858)
24	NTCA Legislative & Policy Meeting	Lodging/Taxi/Parking	6720.000	815	-	(815)
25	NTCA Legislative & Policy Meeting	Registration	6720.000	439	-	(439)
26	NTCA Legislative & Policy Meeting	Taxi	6720.000	25	-	(25)
27	NTCA PR & Markerting Conference	Earlybird Flight Access	6610.100	274	245	(30)
28	NTCA PR & Markerting Conference	Food	6610.100	42	24	(18)
29	NTCA PR & Markerting Conference	Food	6610.100	83	74	(9)
30	NTCA RTIME	Airfaire/Parking	6720.200	268	134	(134)
31	NTCA RTIME	Airfaire/Parking	6720.000	268	134	(134)
32	NTCA RTIME	Car Rental	6530.300	154	77	(77)
33	NTCA RTIME	Food	6530.300	34	17	(17)
34	NTCA RTIME	Food	6530.300	23	11	(11)
35	NTCA RTIME	Food	6720.200	40	20	(20)
36	NTCA RTIME	Food	6720.000	40	20	(20)
37	NTCA RTIME	Food	6720.200	3	1	(1)
38	NTCA RTIME	Food	6720.000	3	1	(1)
39	NTCA RTIME	Lodging	6530.300	848	424	(424)
40	NTCA RTIME	Lodging	6720.200	509	254	(254)
41	NTCA RTIME	Lodging	6720.000	509	254	(254)
42	NTCA RTIME	Mileage	6720.200	31	16	(16)
43	NTCA RTIME	Mileage	6530.300	31	16	(16)

Blue Valley Tele-Communications, Inc
Traveling Detail

Docket No. 20-BLVT-218-KSF
Exhibit KALF-7(a)

Line No.	Meeting	Description	Account	Amount	Expenses to Include	Total Adjustment
44	NTCA RTIME	Parking	6720.000	83	41	(41)
45	NTCA RTIME	Parking	6720.200	38	19	(19)
46	NTCA RTIME	Parking	6720.200	38	19	(19)
47	NTCA RTIME	Registration	6720.000	391	196	(196)
48	NTCA RTIME	Registration	6720.000	392	196	(196)
49	Chamber Meeting in Havensville	Food	6720.300	12	-	(12)
50	Chamber Meeting in Havensville	Mileage	6110.200	29	-	(29)
51	Primo Conference	Food	6610.100	35	-	(35)
52	Primo Conference	Mileage	6610.100	143	-	(143)
53	Primo Conference	Registration	6610.100	360	-	(360)
54	SITA	Lodging	6720.000	56	56	-
55	SITA	Lodging	6720.200	56	56	-
56	Skillpath Siminar	Registration	6620.200	266	133	(133)
57	TCA Financial Seminar	Food	6720.200	26	13	(13)
58	TCA Financial Seminar	Food	6720.200	49	25	(25)
59	TCA Financial Seminar	Fuel	6720.200	158	79	(79)
60	TCA Financial Seminar	Lodging	6720.200	279	140	(140)
61	TCA Financial Seminar	Lodging	6720.200	279	140	(140)
62	TCA Financial Seminar	Lodging/Taxi/Parking	6720.200	279	140	(140)
63	TCA Financial Seminar	Registration	6720.200	1,049	524	(524)
64	Staff Adjustment to Travel Expense - Prior to Separations					<u>(10,925)</u>

Sources: Blue Valley's Responses to Staff Data Request Nos. 31 and 104

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

VERIFICATION

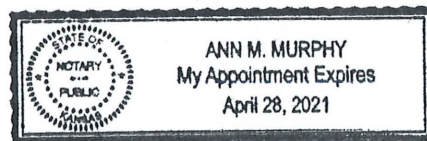
Kristina Luke Fry, being duly sworn upon her oath deposes and states that she is a Managing Auditor for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that she has read and is familiar with the foregoing *Direct Testimony*, and attests that the statements contained therein are true and correct to the best of her knowledge, information and belief.

Carly R. Masenthin on behalf of Kristina Luke Fry
Kristina Luke Fry
Managing Auditor
State Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 20 day of March, 2020.

Ann Murphy
Notary Public

My Appointment Expires: 4-28-21



CERTIFICATE OF SERVICE

20-BLVT-218-KSF

I, the undersigned, certify that a true and correct copy of the above and foregoing Direct Testimony was served via electronic service this 20th day of March, 2020, to the following:

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Ann Murphy